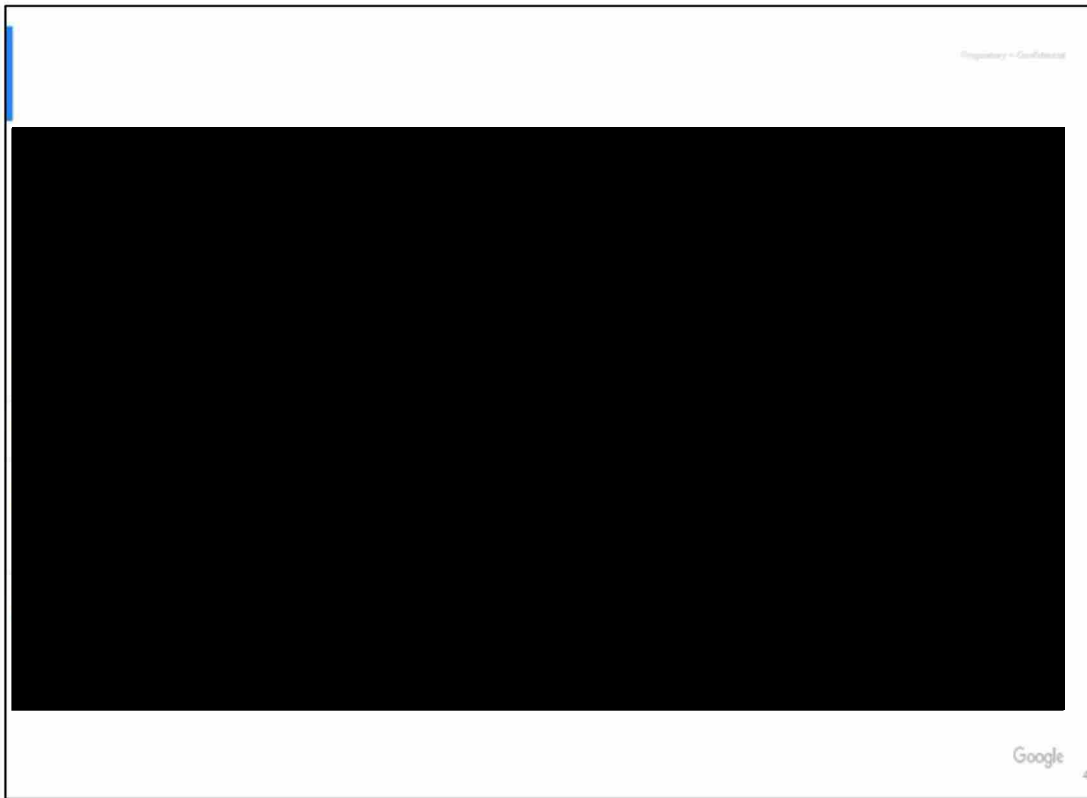
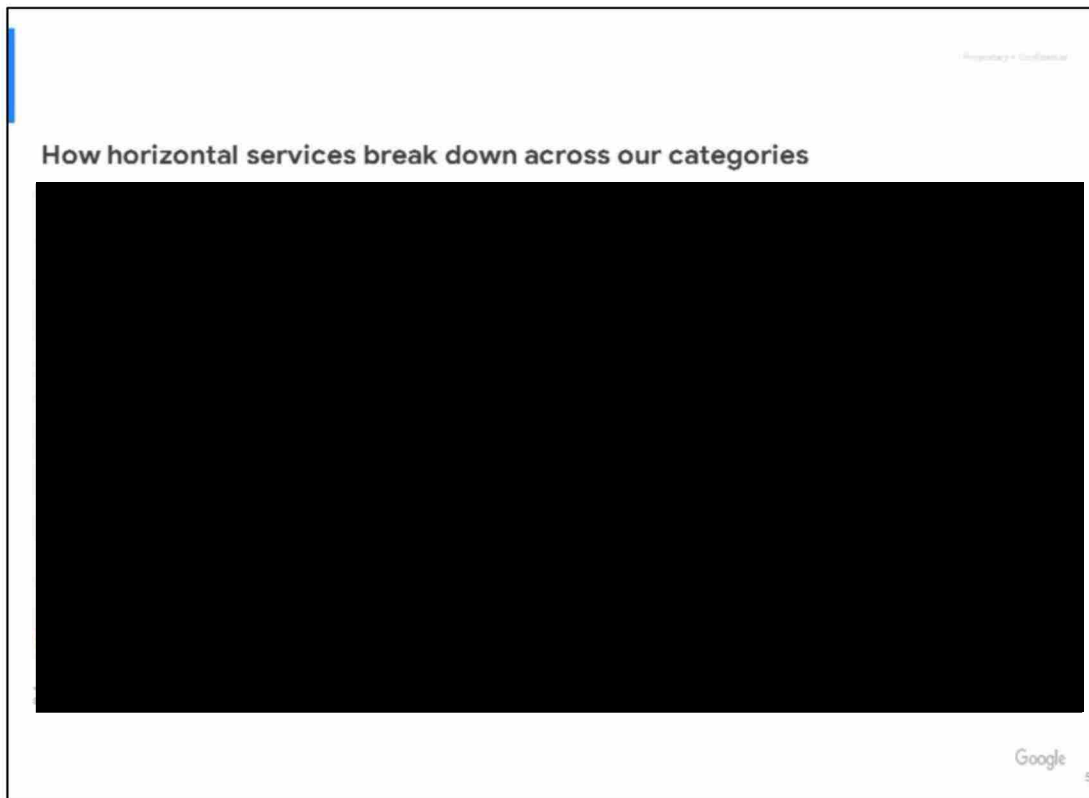


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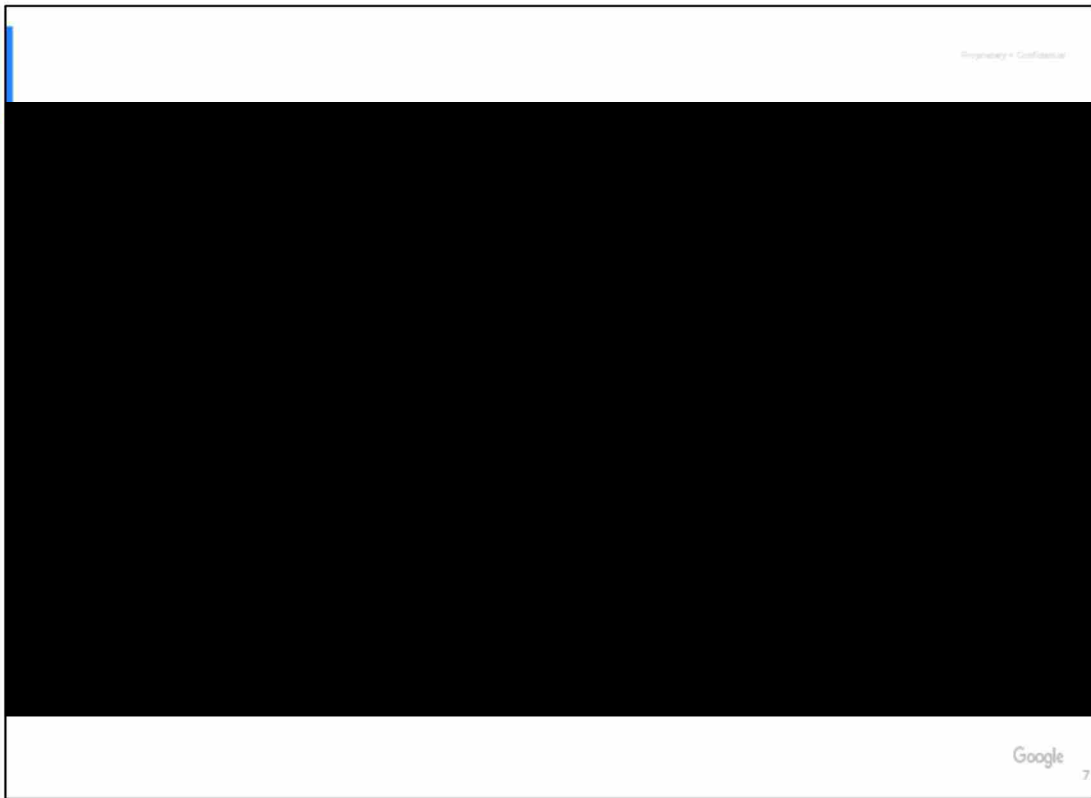
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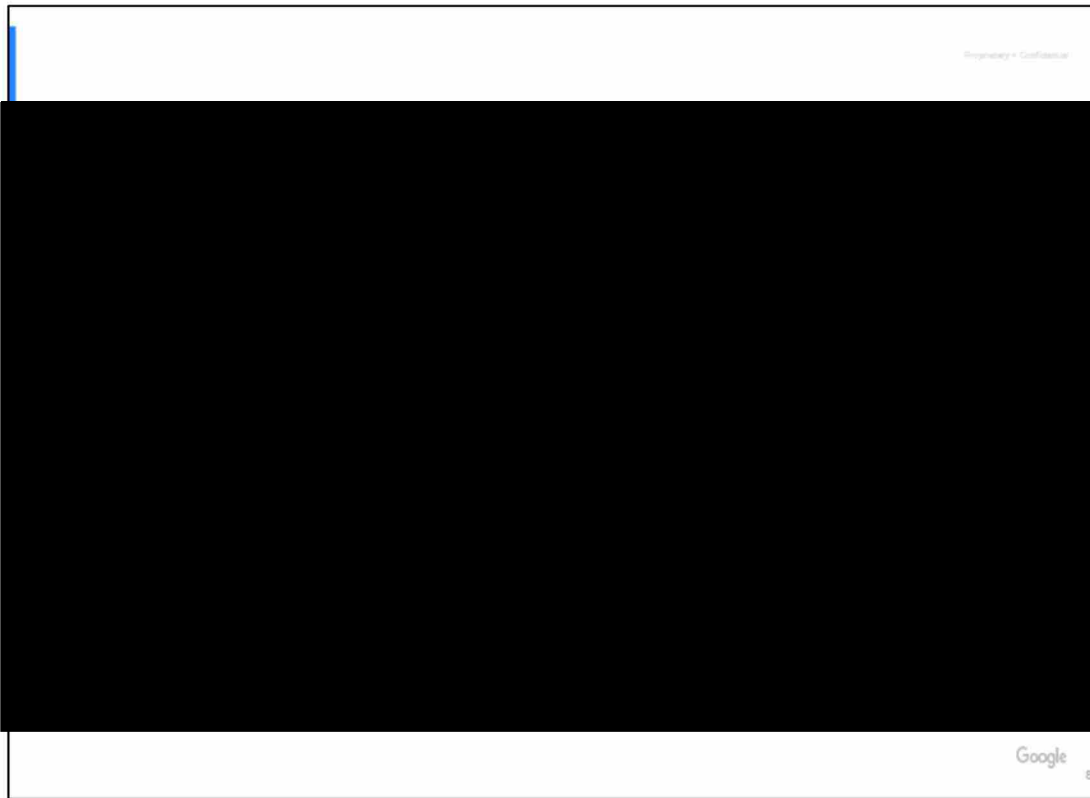
### Three types of allocation changes that we are proposing

1. **PA driven costs:** Enable better spend management via new choices and clearer allocation methodologies
1. **Central services:** Allocate costs at a segment level based on % of revenue across horizontals
1. **Corporate/Alphabet (unallocated):** Incorporate transition costs for staffing efficiency targets, refine Core R&D approach, and 'clean up' B&R items that are PA/segment specific

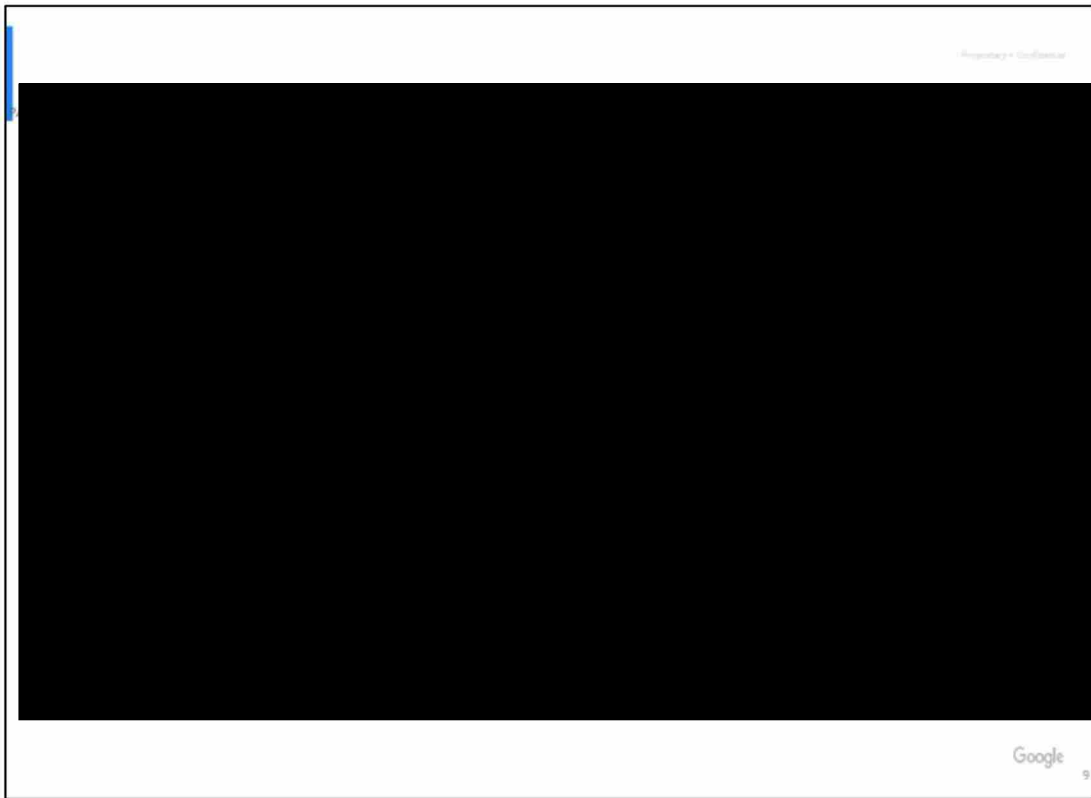
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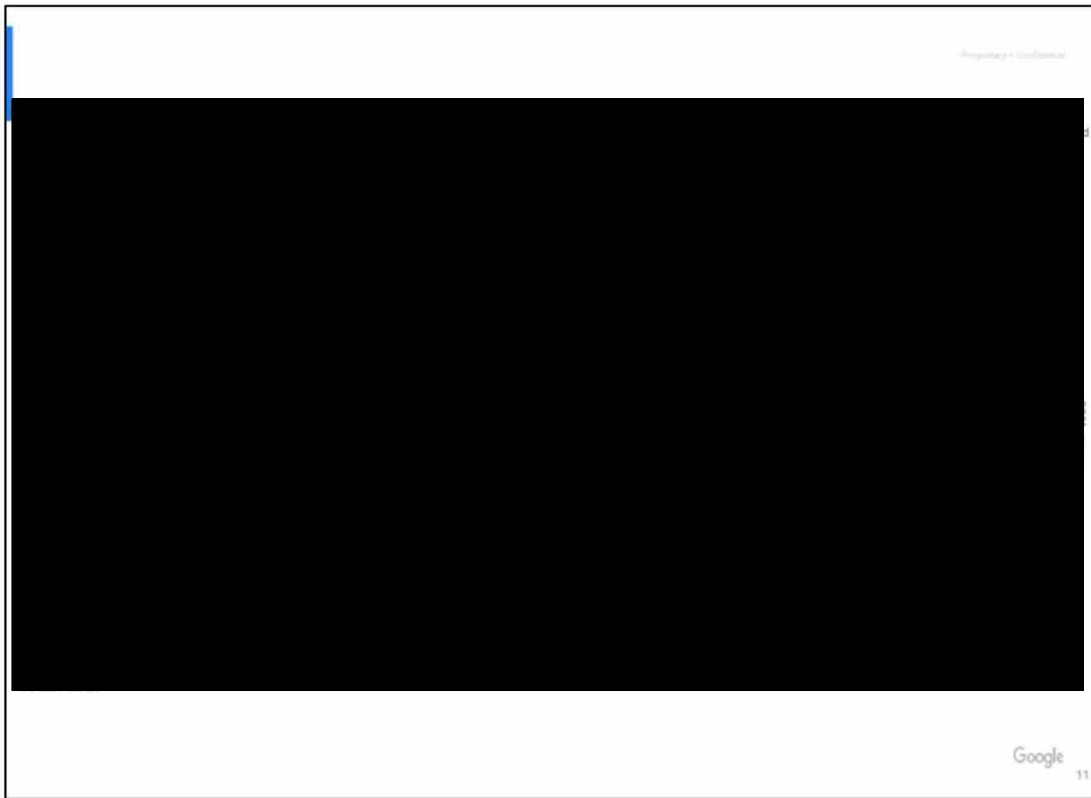


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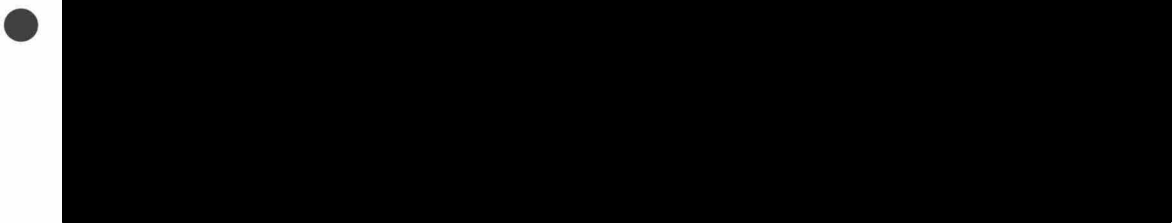
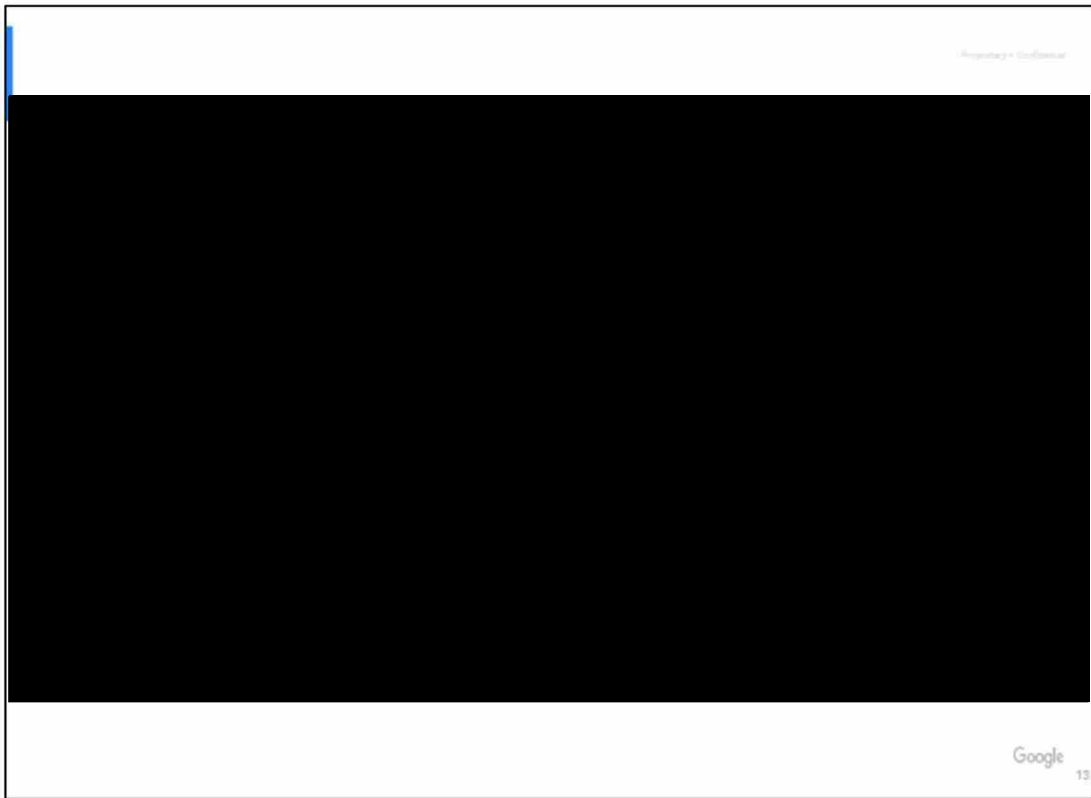
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Google 10















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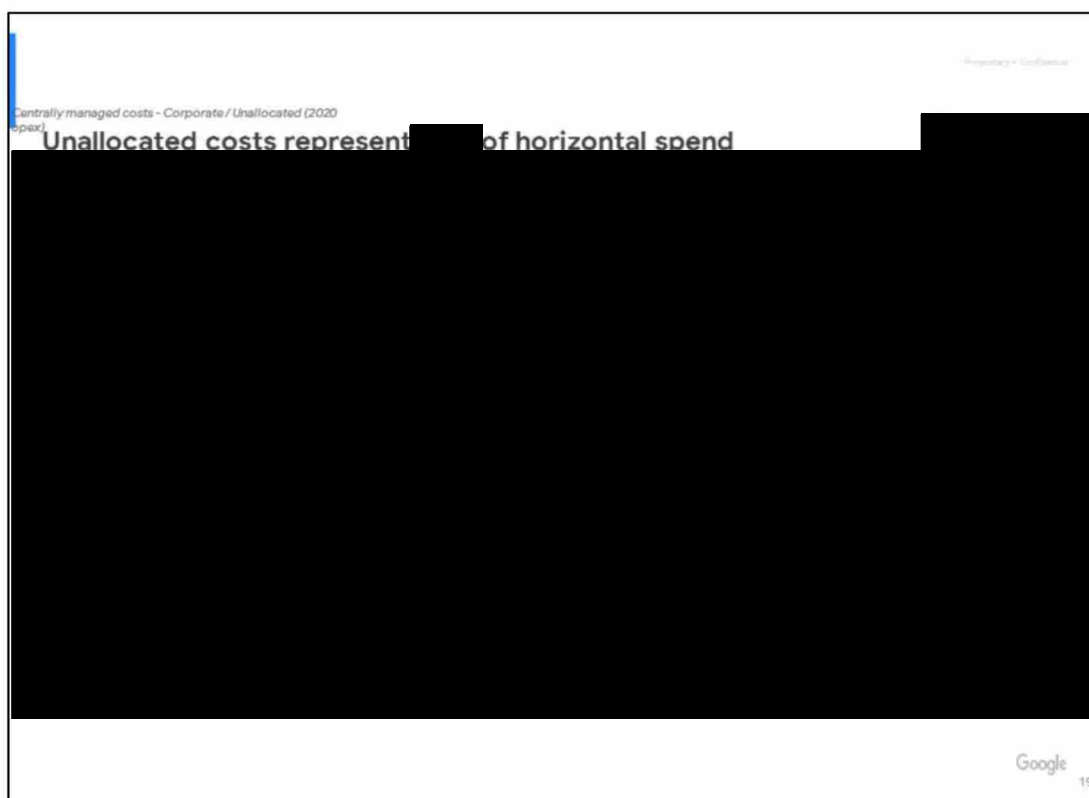
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Google

17

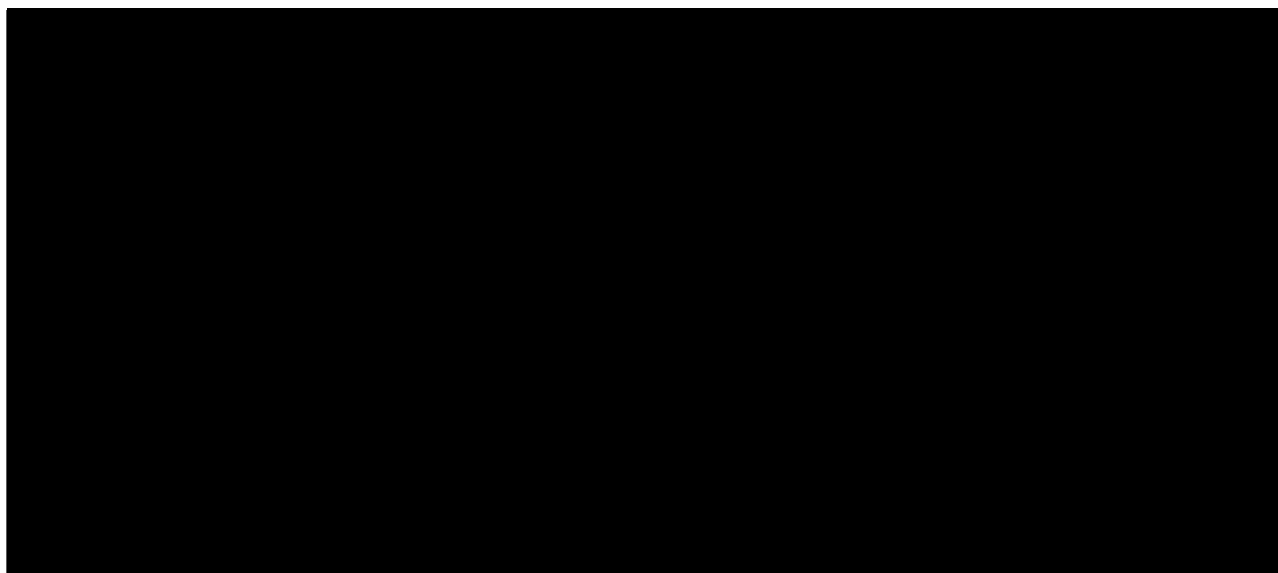
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Id	Date	Text
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1	10/01/2021 23:49:47	@alexgodden@google.com @chanceoverby@google.com Hi Chance, could you please help us follow up on why this [REDACTED] FYI @cchoi@google.com @moncrieff@google.com _Reassigned to Alex Godden_
2	10/01/2021 23:49:47	Thanks. Let's keep Caroline and Danielle looped in once a decision has been made.

20







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### Three types of allocation changes that we are proposing

1. **PA driven costs:** Enable better spend management via new choices and clearer allocation methodologies
1. **Central services:** Allocate costs at a segment level based on % of revenue across horizontals
1. **Corporate/Alphabet (unallocated):** Consider incorporation of transition costs for staffing efficiency targets, refinements to Core R&D approach, and 'clean up' of B&R items that are PA/segment specific

### Summary of net impact across proposed allocation changes

Google

24

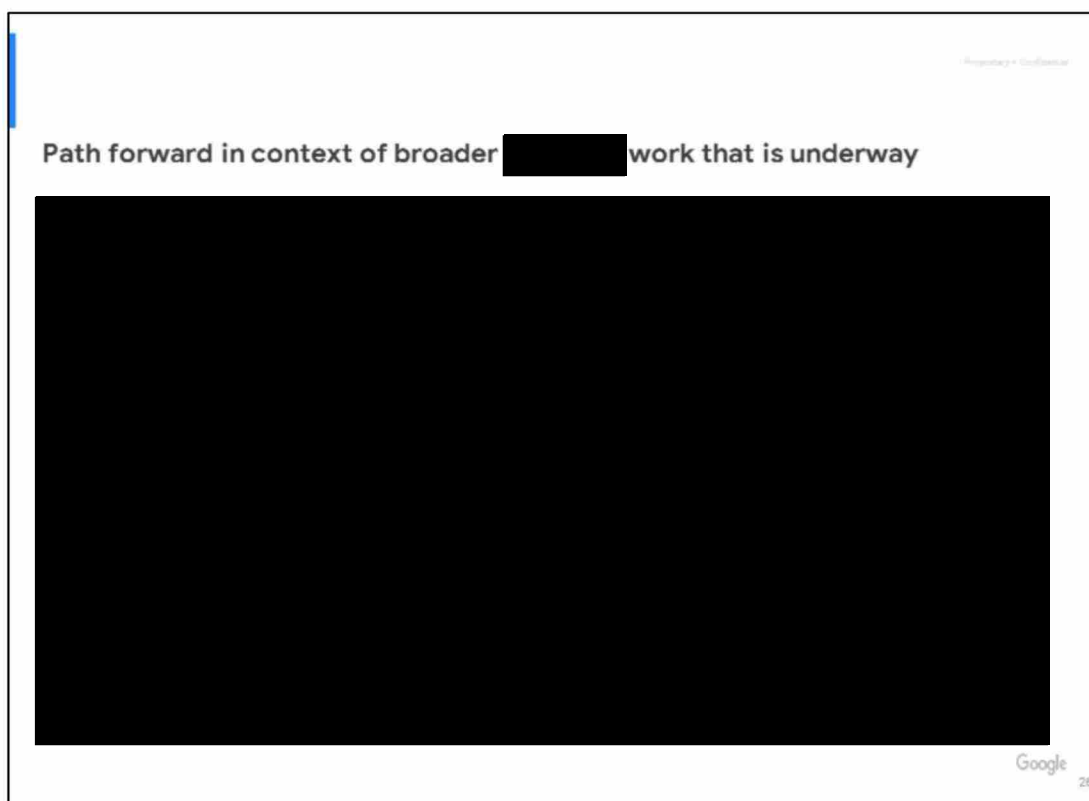


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DIRECTIONAL SIZING

Summary: Aggregate impact across proposed allocation changes

Google 25



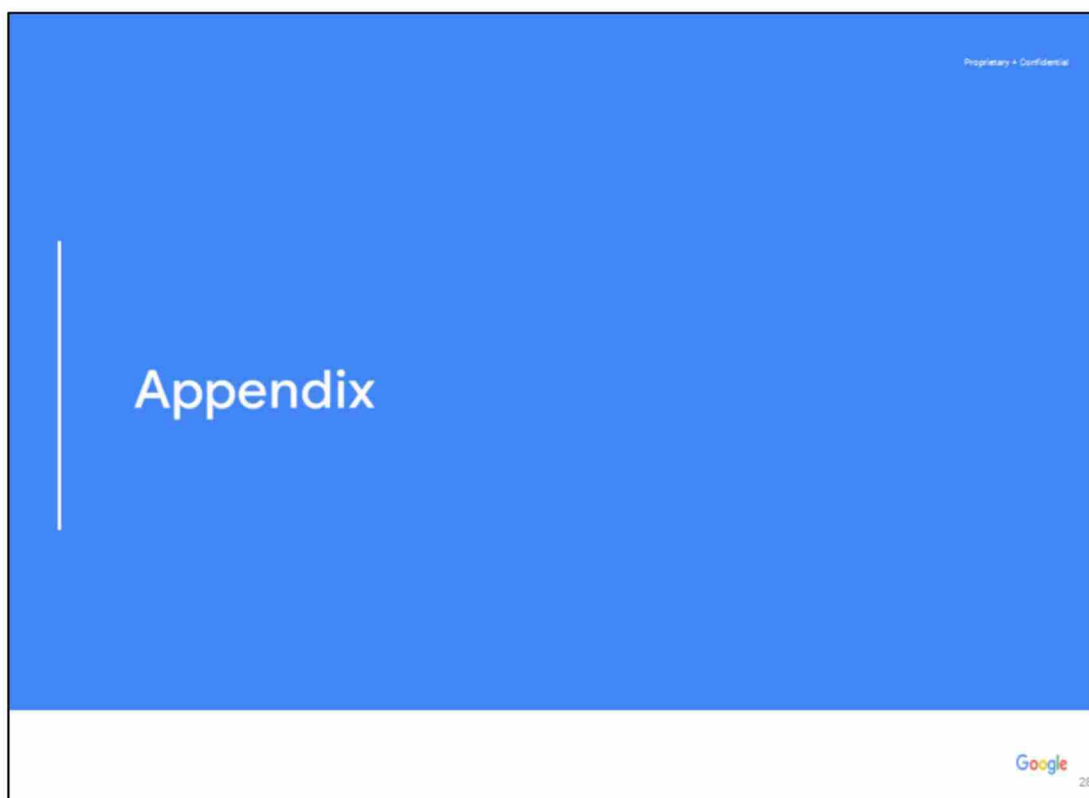
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### Proposed next steps for discussion

1. Review with Amie & broader Montana team - *Friday 8/13*
1. Review with key Horizontal leads (Fiona, Jen) - *next week?*
1. Review with Ruth - *time held next Tues 8/17*
2. Share with individual BFOs (Cristina, Ann Marie, Martin) for their feedback and questions - *2nd half August*
3. Review proposal with CFO Council - *Early Sept? (or ahead of individual BFOs)*
1. Incorporate proposed changes into broader Cloud allocation discussions w/ TK - *time held on Aug 31*
2. Continue working with systems teams for allocation implementation for Jan 1, 2022 (smaller, prioritized changes; notably for Cloud) and Jan 1, 2023 (larger impact changes)

Google

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**Value for Service: How do Horizontals deliver the right services at the right costs**

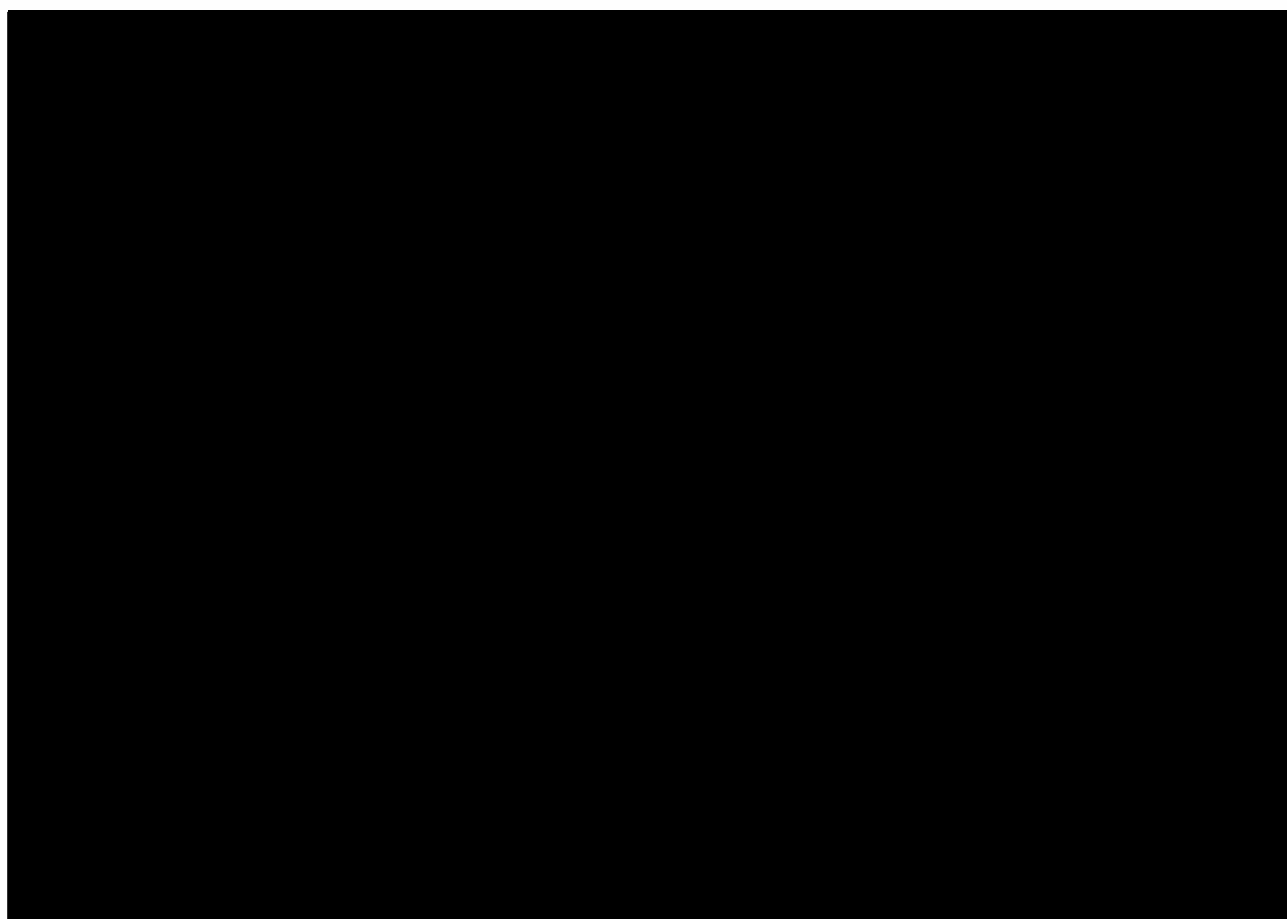
Focus for today

	PA requests	Project goals & Horizontal considerations
Value transparency & targets	<b>Transparency into the drivers of horizontal costs and opportunities to influence</b> <i>E.g., POps: shared services e.g. L&amp;D</i> <i>GA: Legal services</i>	<b>Create transparency of service levels, costs &amp; drivers</b> <i>Where PAs can influence by reducing drivers or providing input to services roadmap</i>
	<b>Increased efficiency over time</b> <i>E.g., Staffing: cost/hire</i> <i>T&amp;S: content review</i>	<b>Use metrics, benchmarking &amp; targets to identify and drive efficiency within each Horizontal &amp; across PAs</b> <i>Where PAs can contribute to efficiency (e.g., unpacking of HC targets)</i>
Spend control & flexibility	<b>Ability to choose service levels</b> <i>E.g., REWS: Higher density, lower amenities</i> <i>Corp Eng: Lower cost hardware</i>	<b>Assess where we will &amp; won't enable more flexible service levels or opt-out options based on impact to Google as a whole</b> <i>Increasingly diverse PA needs in terms of value &amp; cost</i> <i>Balancing financial, risk, cultural, operational impact to Google overall</i> <i>Duplicate/shadow teams within PAs</i>
	<b>Level of usage or benefit is reflected in costs</b> <i>E.g., Core: allocation based on # of SWE vs usage</i> <i>Marketing: surveys don't represent benefit</i>	<b>Review which services should &amp; should not be allocated and decide where to enable usage based allocation</b> <i>Some costs should be centralized in one segment or unallocated</i> <i>Fixed costs may mean reduced usage ≠ reduced cost</i>

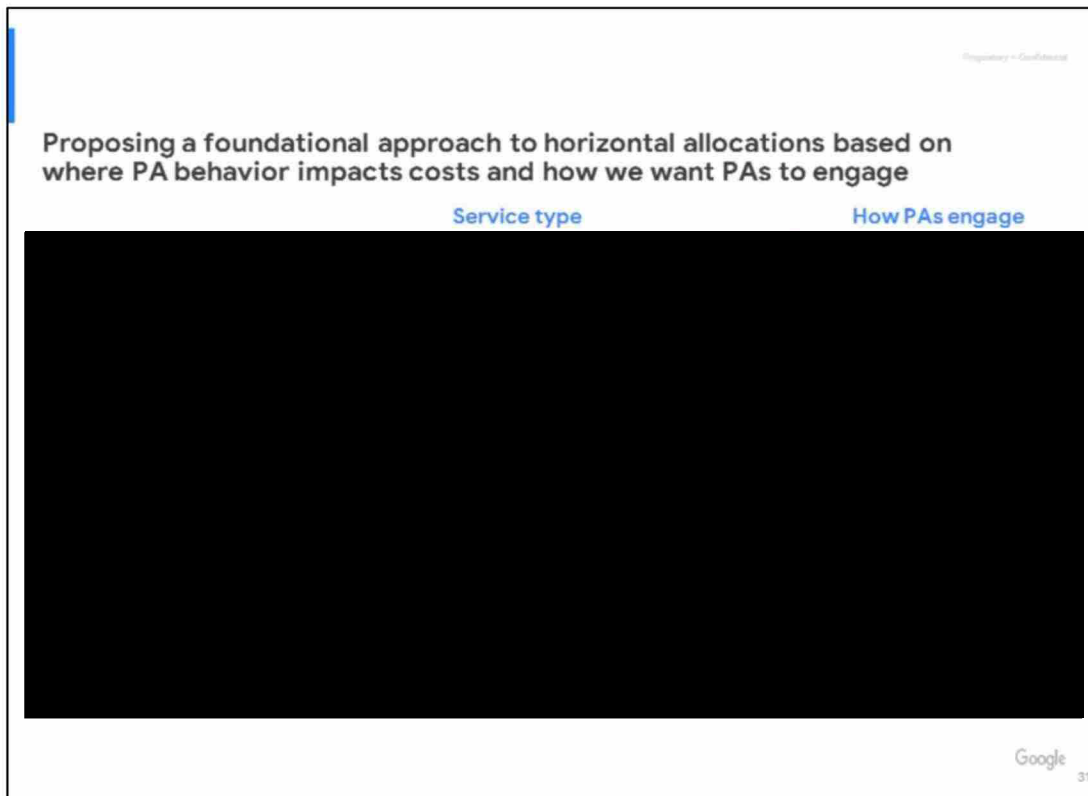
Google 29

Horizontals will balance solving for PA asks vs what is in the interest of all Google

I want the flexibility to reduce my usage and have that reflected in my costs  
 Marketing: I don't believe surveys represent work

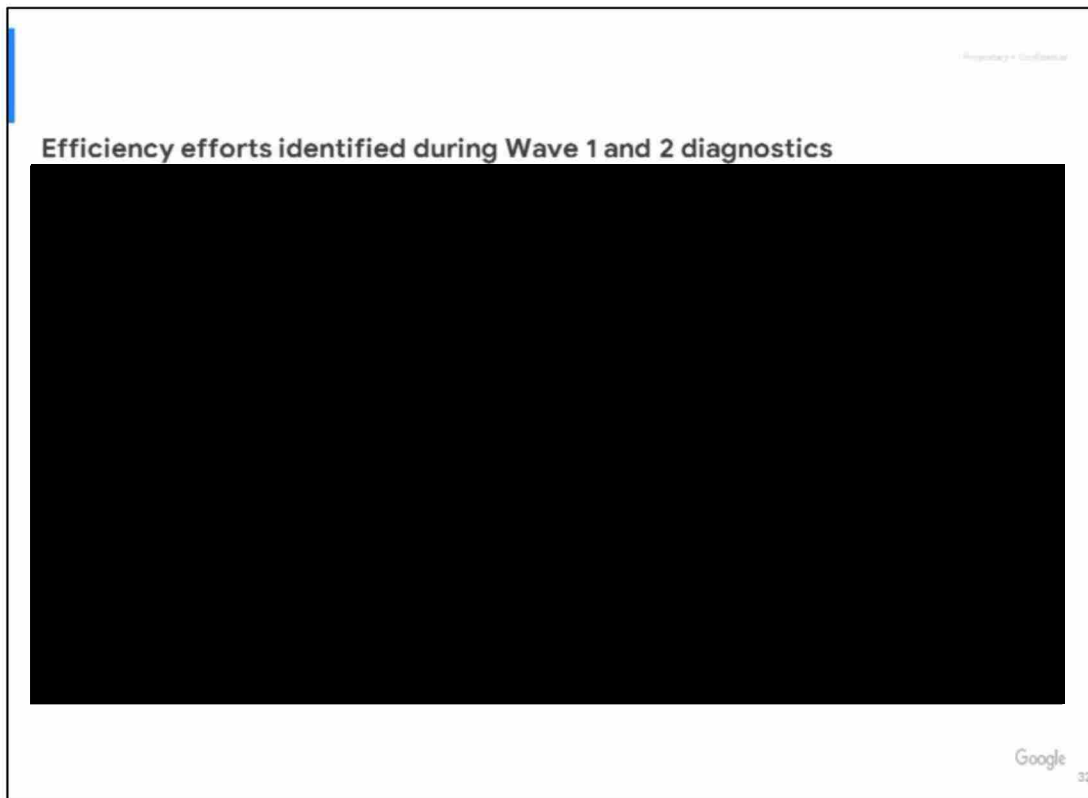






1. Foundational view of how we're approaching allocation of horizontal services: Where PAs have various levels of control on their costs vs have no control at all
2. [Adjusted + simplified framework on left hand side with size of spend for each row; commentary on RHS]
3. Commentary
4. (1) Costs "controllable" by PAs:
5. Specific to PAs-- focused on pushing more costs into this bucket either via flexible service options or moving to usage based allocation
6. Examples: PA-specific campus, Frontline...
7. Collective for PAs -- focused on ensuring our allocation drivers are clear, and cleaning up in some cases
8. Examples: moving from HC to GCE... others?
9. Costs not controllable by PAs:
10. (2) "Central costs" -- focused on reducing the complexity and debate on how these costs are allocated today via consistent single metric approach
11. (3) Unallocated / Segment -- focused on ensuring consistent criteria for what we allocate here





marketing efficiencies falls in initiatives like procurement optimization and Marketing Works systems efficiencies (primarily)

other one would be contracting streamlining

POps works initial language: POps Works focused on revamped joint strategy w/ POps and establishing value metrics

Id	Date	Text
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1	09/20/2021 16:44:26	<p>@ywehbe@google.com @baharrison@google.com @miguelmoreno@google.com</p> <p>Review for latest accuracy</p>
2	09/20/2021 16:44:26	Please note that I reflected the latest changes from CE (\$/seated HC) in the page.